

**ILLINOIS COMMERCE COMMISSION**  
**DOCKET NOS. 02-0798/03-0008/03-0009 (Consolidated)**

**REBUTTAL TESTIMONY**

**OF**

**DAN DANAHY**

**Submitted On Behalf**

**Of**

**CENTRAL ILLINOIS PUBLIC SERVICE COMPANY**

**d/b/a AmerenCIPS**

**and**

**UNION ELECTRIC COMPANY**

**d/b/a AmerenUE**

**May, 2003**

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**DAN DANAHY**

**SUBMITTED ON BEHALF OF**

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**d/b/a AmerenCIPS**

**and**

**UNION ELECTRIC COMPANY**

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**Q. Please state your name and business address.**

**A.** My name is Dan Danahy. My business address is One Ameren Plaza,  
1901 Chouteau Avenue, St. Louis, Missouri 63103.

**Q. Are you the same Dan Danahy who filed direct testimony in this proceeding?**

**A.** Yes, I am.

**Q. What is the purpose of your rebuttal testimony?**

**A.** The purpose of my rebuttal testimony is to respond to the Operating  
Revenue adjustments for Central Illinois Public Service Company d/b/a AmerenCIPS  
("AmerenCIPS") proposed by the People of the State of Illinois/Attorney General witness  
David J. Effron.

23           **Q.     Do you agree with Mr. Effron's proposed adjustments to**  
24 **AmerenCIPS' Operating Revenue?**

25           **A.     No, I do not.**

26           **Q.     What problems or issues did you find when you reviewed**  
27 **Mr. Effron's proposed adjustments to AmerenCIPS' Operating Revenue?**

28           **A.**There were three issues that I noted during my review. Those issues relate  
29 to: 1) Mr. Effron's noted differences between the actual test year revenue before weather  
30 normalization of \$50,602,312 as listed in AmerenCIPS Exhibit No. 8.3 and the base  
31 revenue of \$50,719,389 as shown on Company work paper WPC-3.4b; 2) Mr. Effron's  
32 allocation of Residential therms to Tier 1 and Tier 2 on his Schedule C-1; and 3) the basic  
33 assumption that Mr. Effron used in making his revenue adjustment calculations for each  
34 rate class in his Direct Testimony, Schedule C-1.

35           **Q.     Concerning the first issue, why is there a different number listed for**  
36 **base revenue on AmerenCIPS Exhibit No. 8.3 than on work paper WPC-3.4b?**

37           **A.**The Company's work paper listed as WPC-3.4b, and submitted with the  
38 Company's direct filing in this case, was not the same one used in developing the  
39 Company's base revenues. The Company inadvertently submitted a draft version of this  
40 work paper with its filing. The final version of this work paper, attached hereto as  
41 AmerenCIPS Exhibit No. 19.1, reflects a correction to the draft. The correction reduces  
42 the number of customers and their associated therms for the General Service class for  
43 those municipal customers that receive a specific amount of free gas service in exchange  
44 for a franchise agreement with the Company. Such agreements allow the Company free  
45 use of municipal right of ways to provide service to customers. After removing this

46 group of customers and their associated therms, the calculated revenue for the General  
47 Service class decreased by approximately \$117,000. The Company's test year base  
48 revenue of \$50,602,312 was listed correctly on other work papers submitted with the  
49 Company's direct filing in this case (e.g., WPC-3.5). In summary, Mr. Effron's proposed  
50 adjustment in this area is based on an incomplete calculation reflected on a draft work  
51 paper that was later modified and, as such, should be rejected.

52 **Q. Concerning the second issue, Mr. Effron's allocation of AmerenCIPS'**  
53 **Residential therms to Tier 1 and Tier 2 on his Schedule C-1, what problem do you**  
54 **have with that adjustment?**

55 **A.** The Company calculated the Normalized Revenue for the Residential  
56 class using the current rates and the normalized test year therms determined in this case  
57 with the current blocking of Residential therms. Usage for the Residential class is  
58 currently billed in two blocks of monthly usage: 0-50 therms and greater than 50 therms.  
59 The problem with Mr. Effron's calculation is that he used the AmerenCIPS Residential  
60 billing unit split between Tier 1 and Tier 2 as listed on work paper WPE-4aq, which is  
61 based on the Company's proposed blocking of the Residential rate at 90 therms. In order  
62 to determine Normalized Revenue for the Residential class the number of therms for  
63 Tier 1 and Tier 2 should have been taken from work paper WPE-4ap which reflects  
64 billing units based on the current blocking of the Residential rate at 50 therms. In  
65 summary, Mr. Effron's proposed adjustment in this area is based on the wrong set of  
66 billing units for blocking of Residential therms and, as such, should be rejected.

67           **Q.     Concerning the third issue, what is wrong with the basic assumption**  
68 **that Mr. Effron used in making his adjustments to AmerenCIPS' Operating**  
69 **Revenue for each rate class in his Direct Testimony, Schedule C-1?**

70           **A.     Mr. Effron's assumption is that the only difference between Normal**  
71 **Revenue and Actual Revenue is the total number of therms used to bill out Normal**  
72 **Revenue. This assumption does not take into account two minor changes that were made**  
73 **in the process of developing accurate test year billing units and associated revenues for**  
74 **each rate class.**

75           **Q.     What were the two minor changes?**

76           **A.     The first minor change is a meter multiplier adjustment that was made to**  
77 **the billing units of a small group of customers in all classes. The second minor change**  
78 **involved moving two AmerenCIPS customers and their associated therms and revenue**  
79 **from the Large Use-Interruptible class to the Large Use-Firm class.**

80           **Q.     Concerning the first minor change, which involved a meter multiplier**  
81 **adjustment, why was the change made and what was the overall impact in therms?**

82           **A.     The meter multiplier adjustment was made to a small group of customers**  
83 **in each class who had metering that required a base pressure gas adjustment to 14.73 psia**  
84 **to be consistent with the base gas pressure used for all other customers on the Company's**  
85 **system (See the Direct Testimony of AmerenCIPS witness Jimmy L. Davis, AmerenCIPS**  
86 **Exhibit No. 2.0, p. 4, lines 78-89). The change in the meter multiplier resulted in a small**  
87 **adjustment (decrease) in the actual test year therms used in this case and that adjustment**  
88 **is reflected in AmerenCIPS Exhibit No. 8.3 as actual therms for each rate class.**

89           **Q.     Concerning the second minor change, why were two AmerenCIPS**  
90           **customers moved from the Large Use-Interruptible class to the Large Use-Firm**  
91           **class and what was the impact on AmerenCIPS' actual therms and actual revenue?**

92           **A.**     After reviewing the list of customers receiving service under the Large  
93           Use-Interruptible class, it was determined that two customers were not eligible to receive  
94           service under that rate class since they are not located in an area of inadequate main  
95           capacity. These customers and their associated therms were removed from the Large  
96           Use-Interruptible class and placed in the Large Use-Firm class. This adjustment  
97           decreased the actual test year therms for the Large Use-Interruptible class and increased  
98           the actual therms for the Large Use-Firm class by a corresponding amount. While this  
99           adjustment is reflected in the Company's actual therms as shown on AmerenCIPS Exhibit  
100          No. 8.3, it was not necessary to reflect the adjustment in the calculation of actual  
101          revenues for each class.

102          **Q.     Why were the adjusted actual therms shown on AmerenCIPS Exhibit**  
103          **No. 8.3 instead of the actual therms determined by the Company's billing system?**

104          **A.**     The adjusted actual therms more accurately represent the actual usage by  
105          each rate class during the test year and going forward. The adjusted actual therms were  
106          used to develop normalized therms. Then normalized therms were used to determine  
107          normal revenue.

108          **Q.     Why was the actual calculated revenue shown on AmerenCIPS**  
109          **Exhibit No. 8.3 instead of adjusted actual revenue?**

110          **A.**     The actual calculated revenue, which is based on actual test year billing  
111          units, represents the amount of revenue that the Company should have collected based on

112 billing units. When actual test year billing units are applied to current rates the resultant  
113 revenues do come very close to matching the Company's book revenues, as they should.  
114 The minor mismatch results from partial bills, rebills, billing adjustments, etc. However,  
115 if adjusted actual revenue was calculated based on adjusted billing units, the revenue  
116 would definitely not match the Company's books. In summary, the actual calculated  
117 revenue, as shown on AmerenCIPS Exhibit No. 8.3 as "Actual Revenues", does not  
118 include any of the minor adjustments discussed above.

119 **Q. Please summarize your review of Mr. Effron's proposed adjustments**  
120 **to AmerenCIPS' Operating Revenue.**

121 **A.** Mr. Effron's proposed adjustments to AmerenCIPS' Operating Revenue,  
122 as discussed in his Direct Testimony, should be rejected. As stated above, all of his  
123 concerns were properly addressed in the Company's direct testimony.

124 **Q. Does this conclude your rebuttal testimony?**

125 **A.** Yes, it does.

BILLED BASE REVENUE COMPARED TO GL BASE REVBUILD UP FROM BILLING DATA

<u>RATE 10</u>	<u>CALC</u>
CUST	17,442,276
BLK 1 DEL	9,727,183
BLK 2 DEL	7,037,909
TOTAL DEL	16,765,092
TOTAL	34,207,368

<u>RATE 11</u>	
CUST	5,245,830
TOTAL DEL	5,540,950
FAC CHG	96,030
ADM CHG	77,832
TOTAL	10,960,642

<u>RATE 20</u>	
CUST	528,150
TOTAL DEL	4,181,113
FAC CHG	159,885
ADM CHG	134,078
TOTAL	5,003,226

<u>RATE 21</u>	
CUST	26,250
TOTAL DEL	80,508
FAC CHG	7,975
ADM CHG	2,160
TOTAL	116,893

<u>RATE 23</u>	
CUST	13,092
TOTAL DEL	229,118
FAC CHG	70,378
ADM CHG	1,596
	314,184

GEN. LGR. GAS SALES REV CALC:

		<u>SOURCE</u>
RES	100,124,230	GL
COM&IND	43,285,798	GL
PUB AUTH	22,243	GL
	143,432,271	
FORFIT DISC	433,111	GL
MISC SERV REV	12,956	GL
RENT FROM GAS PROP.	577,056	GL
GEAC	(1,316,581)	GL
TRANSP	5,791,752	GL
	148,930,585	
UNBILLED	(1,550,000)	GL
FORFIT DISC	(433,111)	GL
MISC SERV REV	(12,956)	GL
RENT FROM GAS PROP.	(577,056)	GL
EXCESS BANK	(314,225)	TOM GOLDEN
SPEC CONT BALANCING	(102,622)	BILL DATA
TAX	(8,318,044)	GL
WINDOW BILL-RATE 10	(164,893)	BASE REV FROM SPDSHT-BILL DATA
WINDOW BILL-RATE 11	(45,736)	BASE REV FROM SPDSHT-BILL DATA
WINDOW BILL-RATE 20	(921)	BASE REV FROM SPDSHT-BILL DATA
PGA	(86,402,285)	TOM GOLDEN
BASE REV	51,010,717	

GL DATA FROM TOM OPICH DATA

BASE REV DATA REFLECTS THE ELIMIN. OF WINDOW BILL EFFECT.

BASE REV	50,602,312	DIFFERENCE =	408,405
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After this calculation 2 rate 21 customers were moved to rate 20 for inclusion.

These cust were determined to be ineligible for rate 21.

After this calculation, therms for all rates were reduced to reflect meter multipl of 1 for all cust.